

Exhibit A

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

IN RE: CENTURYLINK SALES)
PRACTICES AND SECURITIES)
LITIGATION)
) MDL NO.
) 17-2795 (MJD/KMM)
)
THIS DOCUMENT RELATES TO:)
CIVIL FILE NO. 18-296 (MJD/KMM))

REMOTE PROCEEDINGS OF THE
VIDEOTAPED EXPERT DEPOSITION OF BRUCE DEAL
FRIDAY, APRIL 24, 2020

REPORTED BY KIMBERLY EDELEN,
CSR. NO. 9042, CRR, RPR.

1 REMOTE PROCEEDINGS OF THE VIDEOTAPED EXPERT
2 DEPOSITION OF BRUCE DEAL, TAKEN ON BEHALF OF THE
3 PLAINTIFF AND THE CLASS, AT 9:06 A.M., FRIDAY,
4 APRIL 24, 2020, BEFORE KIMBERLY A. EDELEN, C.S.R.
5 NO. 9042, CRR, RPR.

6
7 REMOTE APPEARANCES OF COUNSEL
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14
15 ALSO PRESENT: TROY JOHNSON, VIDEOGRAPHER
MICHAEL HARTZMARK, Ph.D.

1 BRUCE DEAL,
2 having been first duly sworn by the reporter, was
3 examined and testified as follows:

4 THE WITNESS: I do.

5 THE VIDEOGRAPHER: Okay. You may proceed,
6 Counsel.

7
8 EXAMINATION

9 BY MR. BLATCHLEY:

10 Q Thank you, everyone. And thank you,
11 Mr. Deal, for bearing with us on the -- on the
12 technical aspects and making yourself available
13 remotely. I really do appreciate it. I know how
14 difficult at times it is for everyone, so thank you
15 for doing this and being here.

16 If I could, can I get you again to state
17 your full name for the record.

18 A Sure. It's Bruce Deal, B-r-u-c-e, last
19 name Deal, D-e-a-l.

20 Q And provide your home address, please.

21 A Home address is 98 Hawthorne Drive,
22 Atherton, California 94027.

23 Q So, Mr. Deal, I know you're an experienced
24 deposition witness, but I want to just, again,
25 because we're remote deposition, quickly just go

1 just say he didn't do it, but to actually show the
2 kinds of things that would need to be done and the
3 challenges associated with those and whether it is
4 likely it either could be done at all or whether
5 there's any, for example, price impact, those sorts
6 of things.

7 So I've gone beyond just a simple critique,
8 but I agree at a high level it's sort of under a
9 headline of, you know, quote/unquote shortcomings by
10 which I think are your words of Dr. Hartzmark's
11 analysis.

12 BY MR. BLATCHLEY:

13 Q So were you given the assignment of figure
14 out whether it's possible or likely to be possible,
15 you know, to, like you said, to do a damages model
16 and to show price impact?

17 A I certainly wasn't asked to develop all the
18 way through a methodology to identify price impact.
19 That's the plaintiffs' burden, as I understand it,
20 in these matters.

21 So I was asked to identify whether -- to
22 discuss whether or not what Dr. Hartzmark has
23 proposed is sufficient. I believe it's not. And
24 to -- as I said before, go beyond that to analyze
25 all the things that I've been talking about, which

1 A I don't believe that's true.

2 Q You talked about -- let me put that another
3 way. Is it fair to say that allegations of
4 third-party cramming might not put investors on
5 notice of other types of cramming?

6 A If I understand your question, it's sort of
7 a form of the fact that there have been concerns
8 about billing and services for years, let's -- in
9 the earlier years they may have been about
10 third-party issues.

11 The question is is that specifically
12 putting consumers on notice that in a world where
13 there's not third-party issues but there nonetheless
14 can be "Hey, I didn't authorize this service" or
15 "You gave me a triple play instead of a double play"
16 or all kinds of variations, certainly at the highest
17 level I think it does put investors on notice that
18 there are concerns in these consumer-facing
19 companies about, you know, unauthorized charges, I
20 think in a broad category they're the same.

21 Are they exactly the same, no, they're not
22 exactly the same, but, again, in my experience and
23 even like we just said, it wasn't only third-party
24 services that were at issue before.

25 And having worked on cases involving these

1 kind of issues over many years, I do think -- well,
2 to put it in the extreme, I certainly don't think an
3 investor in CenturyLink would say I'm shocked that
4 there are allegations in the Heiser lawsuit that
5 there was pressure to add services, not from third
6 parties, but from the company itself.

7 I do think that investors would be on
8 notice that there's certainly going to be concerns
9 about unauthorized charges, even if they're not
10 third-party charges, given all the history of these
11 kind of companies.

12 Even if the allegations aren't the same
13 exactly in terms of third party versus other things,
14 but they certainly belong in the same family of
15 concerns about unauthorized charges.

16 Q Have you done any analysis to determine the
17 actual amount of cramming that was going on at
18 CenturyLink during the class period?

19 A No is the answer to that. I do have
20 analysis in my report about levels of complaints
21 which I think speak to those questions, but I have
22 not myself been asked to do an analysis of the
23 incident, the frequency of complaints or of
24 cramming, quote, unquote, unauthorized services.

25 I haven't done any independent analysis of

1 that. But, again, I do have information to speak to
2 those questions in my report.

3 Q So just, for example, you haven't looked at
4 any internal CenturyLink documents, have you?

5 MR. BLAIR: Object to the form.

6 THE WITNESS: Not that I recall or recall
7 citing. I'd need to look at my Exhibit B or my
8 Appendix B to see if there were any on there, but
9 this is not a -- certainly at a high level this is
10 not an analysis of the kind of internal operations
11 of CenturyLink. That's not what I was asked to do.
12 BY MR. BLATCHLEY:

13 Q I want to clarify it because I think it's
14 important.

15 Have you looked at any internal CenturyLink
16 documents dated during the class period?

17 MR. BLAIR: Same objection.

18 THE WITNESS: Just give me a moment here.

19 I think the answer is no, to the extent
20 what you're referring to is any nonpublic
21 information. I certainly have lots of analysis and
22 listings of kind of CenturyLink documents, meaning
23 earnings releases, things like that.

24 But I took your question to be have I had
25 any access to nonpublic data or e-mails, things like

1 that. The answer is no.

2 BY MR. BLATCHLEY:

3 Q Okay. That was the question.

4 A Okay.

5 Q Thank you for clarifying it was nonpublic
6 information.

7 So you say in Paragraph 58 that, you know,
8 Dr. Hartzmark hasn't shown how the corrective
9 disclosures -- I think that's what you mean -- were,
10 in fact, internally different than concerns in
11 history, the instances you cite in the preceding
12 paragraphs.

13 Is that an accurate way to put it?

14 A Yes. I think I say pretty close to those
15 words in the last sentence on Page 34.

16 Q So beyond listing these examples, right,
17 that you have in Paragraph 56, 57, did you read all
18 these articles in connection with this report?

19 A Did I personally read every word of every
20 article? No.

21 Q Okay. So what did you do to evaluate the
22 differences between these instances and the
23 corrective disclosures?

24 MR. BLAIR: Object to the form.

25 THE WITNESS: I'm not quite sure I

1 understand your question.

2 BY MR. BLATCHLEY:

3 Q Maybe I'm asking it the wrong way.

4 You're saying that Dr. Hartzmark didn't do
5 that. You yourself didn't do that either; is that
6 right?

7 MR. BLAIR: Objection. Misstates
8 testimony.

9 THE WITNESS: I don't think I'd quite agree
10 with that. I mean, Dr. Hartzmark hasn't done
11 anything about this, so that's -- I think other
12 than -- well, I don't think he's really done
13 anything with regards to this. He just sort of says
14 I'm assuming everything in the Complaint is true.

15 I -- I -- I have shown, and we've just been
16 discussing fairly extensively, the fact that there's
17 certainly -- to the extent there's typically a
18 premise in a securities case, that the corrective
19 disclosure information was not known prior to that.
20 I say well, in the larger sense that's not true
21 here, that it certainly is not accurate to say that
22 the disclosures would have been the first
23 opportunity for investors to understand that there
24 are concerns about unauthorized charges. That's
25 absolutely not true as a premise.

1 And that's not -- again, the Complaint
2 itself doesn't say those words, so I think it's
3 important to understand that that's typically a
4 premise of no public information, then oh, suddenly
5 we discover that you didn't get that big contract,
6 to go back to my hypothetical.

7 So what I'm pointing out is that kind of
8 implied premise isn't there in this case. That
9 doesn't mean, to the discussion we've been having
10 for a while now, that it's not quite the same as
11 saying the investors knew all the specifics of all
12 the lawsuits. I don't think that's true.

13 But it calls into question the typical
14 causal link of no public information, then oh, my
15 gosh, they didn't get the contract out there. I
16 don't -- I don't think that is well -- I don't think
17 that's a justified assumption.

18 So then that leads to the question of -- of
19 which I'm referring to here, of well, what is
20 different, if anything, about these. Why -- why
21 might one think these are something different from
22 just normal course, right. You always get some
23 complaints about that, and they've even been sued
24 before, right.

25 And I note in my discussion that the Wells

1 Fargo type environment, which the Complaint itself
2 clearly hangs its hat on the Wells Fargo type
3 environment here, that that was an additional factor
4 in the environment. There's been nothing that I've
5 seen that suggests that this was a Wells Fargo kind
6 of situation.

7 I haven't seen anything that Dr. Hartzmark
8 has done or whatever that would say not only were
9 these substance -- were these allegations in a
10 lawsuit that this is Wells Fargo 2, but, in fact,
11 that turned out to be true. They paid a gazillion
12 dollars in fines. You know, there was a huge shake
13 up in the company. I haven't seen anything to
14 suggest that.

15 And that's where I say what's new about
16 that besides the fact the environment and the
17 heightened awareness. Dr. Hartzmark certainly
18 hasn't done any of that analysis.

19 MR. BLAIR: Mike, we've been going 90
20 minutes. Maybe it's a good time for maybe a little
21 longer break than ten, I guess.

22 MR. BLATCHLEY: Yeah.

23 MR. BLAIR: On the left coast it would be
24 lunch but I just wanted --

25 MR. BLATCHLEY: That's totally fine. I

1 haven't eaten. I can do that as well.

2 THE WITNESS: Like I said, I can weigh in.
3 I wouldn't mind getting a bite to eat. I don't need
4 a long time, I think, so I'm fine with like a half
5 hour.

6 MR. BLATCHLEY: Ryan, do you want to
7 just -- do you want to just e-mail and we'll get
8 together by e-mail, like let's call it 45 minutes?
9 Is that okay or do you want shorter?

10 MR. BLAIR: 30 or 45 works for us.

11 MR. BLATCHLEY: Okay. And I'll e-mail you
12 guys if we're not obviously back together.

13 MR. BLAIR: Okay. Why don't we go off the
14 record.

15 THE VIDEOGRAPHER: Okay. The --

16 THE WITNESS: I can offer up the idea if
17 you only have 15 more minutes to go, I'm happy to
18 stay on. Just a suggestion.

19 MR. BLATCHLEY: No. I got a little bit
20 more. Sorry, guys.

21 THE WITNESS: Oh, well. Okay. A half hour
22 for lunch is fine.

23 THE VIDEOGRAPHER: So the time is
24 12:00 p.m. Pacific standard time. We are off the
25 record.

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(Lunch recess taken at 12:00 p.m.)

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1 FRIDAY, APRIL 24, 2020;

2 12:55 P.M.

3

4

5 BRUCE DEAL,

6 having been previously duly sworn by the reporter,

7 was examined and testified further as follows:

8

9 THE VIDEOGRAPHER: Okay. The time is now
10 12:55 p.m. and we are back on the record.

11

12 EXAMINATION (resumed.)

13 BY MR. BLATCHLEY:

14 Q Mr. Deal, I'd like to just start by I think
15 clarifying something you had said earlier, making
16 sure I have a correct understanding of what you were
17 saying.

18 So the question I have is is it necessary
19 to have a statistically significant increase in
20 price in order to show price impact?

21 A That's an -- that's an interesting
22 question. I think -- my experience is in practice
23 that it's not necessarily a requirement but it's the
24 most common starting point in a situation, like in
25 this case on the up side of inflation, looking for

1 increases, obviously on the down side of the
2 corrective disclosures.

3 It certainly is a theoretical at least
4 argument that, you know, the inflation or the
5 statement itself might have otherwise inflated or
6 otherwise deflated the stock price, but other
7 factors caused it to go the opposite direction so
8 you don't observe it.

9 That -- I mean, conceptually that can
10 certainly happen. There's no, you know, kind of
11 theoretical problem with that.

12 I think, again, my experience is as a
13 practical matter that's very, very difficult to show
14 and to identify that, so I wouldn't rule it out as a
15 possibility, but, again, as a practical matter I
16 find that to be typically a starting premise for any
17 price impact analysis.

18 Q Okay. So the starting premise is not a
19 requirement; is that right?

20 A I certainly don't think it's a legal
21 requirement, necessarily, although I think
22 there's -- some of the cases that I'm aware of seem
23 to be suggesting that if you can't show price change
24 in the perspective direction, that itself is -- I'm
25 paraphrasing, strong evidence or whatever on it.

1 But I'm speaking more from a theoretical
2 perspective, you can imagine news that otherwise
3 would if it was the only thing known caused the
4 statistically significant increase or decrease, and
5 if there's a perfectly offsetting other information
6 theory, I think in practice that's very hard to do.

7 Q So I guess I'm asking a little different
8 question. Say the example that you just mentioned,
9 the offsetting information, it's certainly
10 possible -- or would you agree that it's possible
11 that you could have a false statement together with,
12 I guess we'll call it confounding information or
13 some other statement that offsets the impact that
14 the statement would otherwise have, would you agree
15 that that's a possibility?

16 A Yeah. I think it's at least a theoretical
17 possibility, sure.

18 Q And in that scenario you wouldn't expect to
19 see a statistically significant increase in stock
20 price?

21 A Not given the hypothetical you just said,
22 which is a sort of perfectly offsetting news in the
23 opposite direction. Almost by definition that
24 wouldn't occur. So the real challenge, of course,
25 is how do you identify the fact that the news that

1 you're focused on would otherwise have caused it.

2 It's a form of the same issue that we've
3 been talking about of parsing out. It's kind of a
4 in your face form of it in that if there's not even
5 a statistically significant movement in the expected
6 direction, I find again as a practical matter that
7 sets the bar awfully high and I don't see anyway in
8 this case it could be overcome.

9 Q So here's what I want to go through. So
10 it's certainly a theoretical possibility, as you
11 just said, that if you have offsetting information
12 you wouldn't expect to see a statistically
13 significant increase in the price even though there
14 would be price impact, correct?

15 A Yeah. Before I answer the question, you're
16 a little quiet to me. I don't know if you are to
17 other people. I don't know if there's a way to get
18 a little closer to the mike.

19 Q Let me -- sorry. Let me -- is this better?
20 Can you hear me?

21 A Yeah. I can hear you and that is a
22 little -- a little bit better for me. Thank you.

23 But I think your question was with the sort
24 of -- you know, is it possible that there's price
25 impact given the presence of offsetting information

1 effectively. I think it's a -- if I understand the
2 question it's essentially the same question, to say
3 could there be -- if you had a method that you could
4 identify that had this news come out on its own, it
5 would have had a price impact, but, again, it was
6 offset by some other information there, again,
7 theoretically, sure, I think that's possible.

8 And in that case, I don't know the case law
9 so there's a -- there's sort of another branch of it
10 but from a legal standard of what -- and I can't
11 really speak to that, but as an economic proposition
12 it's at least theoretically possible.

13 Q Got it.

14 Okay. So, again, let's just maybe take
15 your contract example, right. You're talking about
16 you falsely announce a contract and that causes the
17 stock to go up. Say the next quarter you say the
18 contract is doing just fine, right.

19 In that example there's a false statement,
20 right? You're with me on my hypothetical?

21 A Yeah. The premise is that there really
22 never was a contract, as I understand your
23 hypothetical.

24 Q Right. Yeah.

25 And, you know, the company reports results

1 that are totally in line with expectations. In that
2 scenario you wouldn't expect to see a statistically
3 significant stock price increase, would you?

4 A I think what you're describing is sort of
5 what sometimes people refer to as a price
6 maintenance sort of situation, where if there was
7 some initial inflationary and you kind of repeat the
8 same information effectively, we wouldn't
9 necessarily -- it's not new news to the market at
10 that point in time, so we wouldn't expect that news
11 on its own -- to the extent it's essentially just a
12 repetition of previous expectations, I wouldn't
13 expect that to move the price, if that's your
14 question.

15 Q And so we'll take that.

16 And then the next example is an event,
17 let's say, building on kind of the first
18 hypothetical, you know, the next -- the next
19 quarter, you know, analysts have their estimates,
20 and you have the contract that doesn't exist, but
21 the company also truthfully discloses that its like
22 major manufacturing facility has this huge fire and
23 the stock -- would you expect in that case, this
24 negative information, could have a, you know --
25 could decline -- could cause a stock price decline,

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) ss.
3

4 I, Kimberly A. Edelen, C.S.R. No. 9042, in and
5 for the State of California, do hereby certify:

6 That prior to being examined, the witness named
7 in the foregoing deposition was by me duly sworn to
8 testify the truth, the whole truth and nothing but
9 the truth;

10 That said deposition was taken down by me in
11 shorthand at the time and place therein named, and
12 thereafter reduced to typewriting under my
13 direction, and the same is a true, correct and
14 complete transcript of said proceedings;

15 That if the foregoing pertains to the original
16 transcript of a deposition in a Federal Case, before
17 completion of the proceedings, review of the
18 transcript { } was {X} was not required.

19 I further certify that I am not interested in
20 the event of the action.

21 Witness my hand this 27th day of April,
22 2020.

23 
24

25 KIMBERLY A. EDELEN, C.S.R. NO. 9042